



# New delinquent-tax fee may hit 90,000

Jan Norman, small-business columnist

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The California State Board of Equalization will send letters to 90,000 California businesses and individuals that owe unpaid sales and use taxes or overdue payments of other taxes that they may also owe a fee on these unpaid taxes starting Jan. 1.

The fee to cover the cost of tax collections was authorized by Senate Bill 858 that the Legislature recently passed. The Board of Equalization estimates the fee will cost taxpayers \$5.2 million from additional collection of taxes, fees and surcharges for the remainder of the current fiscal year, and between \$19.4 million and \$22.6 million annually beginning in the 2011-12 fiscal year that starts July 1.

The fee will be applied to taxes over \$250 if unpaid for more than 90 days. Here's a chart of the fee charged for various amounts owed (click on chart for a larger view):

Fee Amounts Effective January 1, 2011		
Liability Size	Liability Amount	Fee Amount
Small	\$250.01 - \$2,000.00	\$185
Medium	\$2,000.01 - \$50,000.00	\$550
Large	\$50,000.01 and greater	\$925

Source: California State Board of Equalization

The fee covers unpaid sales and use taxes, cigarette and alcoholic beverage taxes, hazardous substances and underground storage tax fees and other taxes collected by the Board of Equalization.

Board member Michelle Steel, who represents Orange County, said, "It makes no sense to hit struggling taxpayers, who are already behind in their payments, with this punitive fee. If they can't pay the tax, how will they pay the fee?"

The fee, which is supposed to cover the cost of collecting overdue taxes, can't be assessed until the board notifies the delinquent taxpayer. That's why letters will be sent to 90,000 individuals and businesses at the beginning of the year.

Taxpayers can avoid the fee by paying their unpaid tax liability in full or agreeing to an installment payment plan, Steel said. The board can waive the fee if the taxpayer can prove the tax liability is due to circumstances beyond his or her control, such as a business destroyed by a wildfire.

[Click here](#) to read the Board of Equalization's special notice about the fee.

[Click here](#) to read SB 858 and analysis of what it does.